

**STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS
CONSUMER SERVICES DIVISION**

IN THE MATTER OF DETERMINING
Whether there has been a violation of the
Mortgage Broker Practices Act of Washington by:

Clark County Carpet Cleaning & Damage
Restoration, Inc., dba Free Republic Finance, and
Donald E. Railsback,
President and Designated Broker,

Respondents.

NO. C-04-046-04-SC01

STATEMENT OF CHARGES and
NOTICE OF INTENT TO REVOKE LICENSE
AND PROHIBIT FROM PARTICIPATION IN THE
MORTGAGE BROKER INDUSTRY

INTRODUCTION

Pursuant to RCW 19.146.220 and RCW 19.146.223, the Director of the Department of Financial Institutions of the State of Washington ("Director") is responsible for the administration of chapter 19.146 RCW, the Mortgage Broker Practices Act ("Act"). The referenced statutes (RCW) and rules (WAC) are attached, in pertinent part. After having conducted an investigation, and based upon the facts available as of March 8, 2004, the Director institutes this proceeding and finds as follows:

I. FACTUAL ALLEGATIONS

1.1 Respondents:

A. **Clark County Carpet Cleaning & Damage Restoration, Inc. dba Free Republic Finance**
("Clark County Carpet") is known to have conducted the business of a mortgage broker at:

10721 NW 11th Avenue
Vancouver, Washington 98685

B. **Donald E. Railsback ("Respondent Railsback")** is known to be an owner of Clark County Carpet. Railsback was named designated broker on November 24, 1999, and continues in that capacity to date.

1.2 License: Clark County Carpet was licensed by the Department of Financial Institutions ("Department") to conduct business as a mortgage broker on November 24, 1999, and has continued to be licensed to date.

1.3 Failure to Pay Annual Assessment: Payment of the annual assessment is due to the Department no later than the last business day of November of each year. To date, the Department has not received the following annual assessments due from Respondents, in the amount of \$2,075.67:

- A. Payment of the annual assessments of \$500.00 for the year 2000 was due to the Department no later than the last business day of November 2000.
- B. Payment of the annual assessment of \$513.95 for the year 2001 was due to the Department no later than the last business day of November 2001.
- C. Payment of the annual assessment of \$530.86 for each of the years 2002 and 2003 (two years) was due to the Department no later than the last business day of November of each year.
- D. In addition, payment of the annual assessment of \$530.86 for the year 2004 will be due to the Department no later than the last business day of November 2004.

1.4 Failure to Maintain Bond: Effective November 28, 2000, Washington International Insurance Company cancelled Clark County Carpet's surety bond. To date, Respondents have not notified the Department that Clark County Carpet's surety bond had been cancelled, nor have Respondents replaced the surety bond.

1.5 Failure to Submit Continuing Education Certificate: A certificate of satisfactory completion of an approved continuing education course was due to the Department no later than the last day of November of 2000 through 2003. To date, the Department has not received the required certificates due from Respondent Railsback.

1.6 Failure to Respond to Directive Requirement: On November 26, 2003, the Department issued a directive to Respondents requiring payment of the annual assessments; replacement of Clark County Carpet's surety bond; and submittal of certificates of completion for continuing education. To date, the Department has not received a response to its directive. On October 21, 2002, the Department mailed a directive to Respondents by certified mail to Respondent Clark County Carpet's last known address. That directive was returned unclaimed.

1.7 Failure to Notify DFI of Significant Developments:

- A. As stated in 1.4 above, to date, Respondents have not notified the Department of the cancellation of Clark County Carpet's surety bond.

B. Clark County Carpet's corporate license, maintained with the office of the Secretary of State, expired on June 30, 2002. To date, Respondents have not notified the Department of Clark County Carpet's change in status with the Secretary of State, nor has Clark County Carpet renewed its corporate license.

C. Clark County Carpet's Master Business License account with the Washington State Department of Licensing was dissolved on September 23, 2002. To date, Respondents have not notified the Department of this change in Clark County Carpet's Master Business License.

II. GROUNDS FOR ENTRY OF ORDER

2.1 Requirement to Pay Annual Assessments: Based on the Factual Allegations set forth in Section I above, Respondents are in apparent violation of RCW 19.146.228(1), WAC 208-660-060(3) and WAC 208-660-061 for failing to pay to the Director an annual assessment fee no later than the last business day of the month in which the anniversary date of the issuance of the mortgage broker's license occurs.

2.2 Requirement to Maintain Bond: Based on the Factual Allegations set forth in Section I above, Respondents are in apparent violation of RCW 19.146.205(4)(a) and WAC 208-660-080(1) for failing to file and maintain a surety bond or approved alternative with the Department.

2.3 Requirement to Submit Certificate of Completion of Continuing Education: Based on the Factual Allegations set forth in Section I above, Respondent Donald E. Railsback is in apparent violation of RCW 19.146.215 and WAC 208-660-042 for failing to complete the annual continuing education requirement and file a certificate of satisfactory completion no later than the last business day of the month in which the anniversary date of the issuance of the licensee's license occurs.

2.4 Requirement to Notify of Significant Developments: Based on the Factual Allegations set forth in Section I above, Respondents are in apparent violation of WAC 208-660-150(1)(e), WAC 208-660-150(2), and WAC 208-660-150(3)(b), (e) and (f) for failing to notify the Director in writing within thirty days after receipt of notification of cancellation of the licensee's surety bond, failing to notify the Director in writing ten days prior to

1 a change of the location of the licensee's principal place of business or any of its branch offices, and failing to
2 notify the Director in writing within five days after a change in mailing address or telephone number or State
3 master business license or standing with the state of Washington Secretary of State.

4 **2.5 Authority to Revoke License:** Pursuant to RCW 19.146.220(2)(b)(ii) and (iii), and WAC 208-660-
5 160(1), (2), (8), and (13), the Director may revoke a license for failure to pay a required annual assessment, for
6 failure to maintain the required surety bond, and for failure to comply with any directive or order of the Director.

7 **2.6 Authority to Prohibit from the Industry:** Pursuant to RCW 19.146.220(2)(e)(i) and (iv), the Director
8 may prohibit a covered individual from participation in the conduct of the affairs of a licensed mortgage broker for
9 failure to maintain the required surety bond and for failure to comply with any directive or order of the Director.

11 **III. NOTICE OF INTENT TO ENTER ORDER**

12 Respondents' violations of the provisions of chapter 19.146 RCW and chapter 208-660 WAC, as set forth in
13 the above Factual Allegations and Grounds for Entry of Order, constitute a basis for the entry of an Order under RCW
14 19.146.220. Therefore, it is the Director's intention to ORDER that:

15 3.1 The mortgage broker license held by Respondent Clark County Carpet Cleaning & Damage
16 Restoration, Inc. be revoked; and

17 3.2 Respondent Donald E. Railsback be prohibited from participation in the conduct of the affairs of any
18 licensed mortgage broker for a period of five (5) years; and

18 **IV. AUTHORITY AND PROCEDURE**

19 This Statement of Charges and Notice is entered pursuant to the provisions of RCW 19.146.220,
20 RCW 19.146.221 and RCW 19.146.230, and is subject to the provisions of chapter 34.05 RCW (The
21 Administrative Procedure Act). Respondents may make a written request for a hearing as set forth in the
22 NOTICE OF OPPORTUNITY TO DEFEND AND OPPORTUNITY FOR HEARING accompanying this
23 Statement of Charges and Notice of Intent to Revoke License and Prohibit from Participation in the Mortgage
24 Broker Industry.

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Dated this 18th day of March 2004.

/s/_____
CHUCK CROSS, ACTING DIRECTOR
DIVISION OF CONSUMER SERVICES
DEPARTMENT OF FINANCIAL INSTITUTIONS

Presented by:

Victoria W. Sheldon, Financial Legal Examiner

RCW 19.146.205 License – Application – Exchange of fingerprint data with federal bureau of investigation – Fee – Bond or alternative.

...

(4)(a) Each applicant for a mortgage broker's license shall file and maintain a surety bond, in an amount of not greater than sixty thousand dollars nor less than twenty thousand dollars which the director deems adequate to protect the public interest, executed by the applicant as obligor and by a surety company authorized to do a surety business in this state as surety. The bonding requirement as established by the director may take the form of a uniform bond amount for all licensees or the director may establish by rule a schedule establishing a range of bond amounts which shall vary according to the annual average number of loan originators or independent contractors of a licensee. The bond shall run to the state of Washington as obligee, and shall run first to the benefit of the borrower and then to the benefit of the state and any person or persons who suffer loss by reason of the applicant's or its loan originator's violation of any provision of this chapter or rules adopted under this chapter. The bond shall be conditioned that the obligor as licensee will faithfully conform to and abide by this chapter and all rules adopted under this chapter, and shall reimburse all persons who suffer loss by reason of a violation of this chapter or rules adopted under this chapter. Borrowers shall be given priority over the state and other persons. The state and other third parties shall be allowed to receive distribution pursuant to a valid claim against the remainder of the bond. In the case of claims made by any person or entity who is not a borrower, no final judgment may be entered prior to one hundred eighty days following the date the claim is filed. The bond shall be continuous and may be canceled by the surety upon the surety giving written notice to the director of its intent to cancel the bond. The cancellation shall be effective thirty days after the notice is received by the director. Whether or not the bond is renewed, continued, reinstated, reissued, or otherwise extended, replaced, or modified, including increases or decreases in the penal sum, it shall be considered one continuous obligation, and the surety upon the bond shall not be liable in an aggregate or cumulative amount exceeding the penal sum set forth on the face of the bond. In no event shall the penal sum, or any portion thereof, at two or more points in time be added together in determining the surety's liability. The bond shall not be liable for any penalties imposed on the licensee, including, but not limited to, any increased damages or attorneys' fees, or both, awarded under RCW 19.86.090. The applicant may obtain the bond directly from the surety or through a group bonding arrangement involving a professional organization comprised of mortgage brokers if the arrangement provides at least as much coverage as is required under this subsection.

(b) In lieu of a surety bond, the applicant may, upon approval by the director, file with the director a certificate of deposit, an irrevocable letter of credit, or such other instrument as approved by the director by rule, drawn in favor of the director for an amount equal to the required bond.

(c) In lieu of the surety bond or compliance with (b) of this subsection, an applicant may obtain insurance or coverage from an association comprised of mortgage brokers that is organized as a mutual corporation for the sole purpose of insuring or self-insuring claims that may arise from a violation of this chapter. An applicant may only substitute coverage under this subsection for the requirements of (a) or (b) of this subsection if the director, with the consent of the insurance commissioner, has authorized such association to organize a mutual corporation under such terms and conditions as may be imposed by the director to ensure that the corporation is operated in a financially responsible manner to pay any claims within the financial responsibility limits specified in (a) of this subsection. [1997 c 106 § 9; 1994 c 33 § 8; 1993 c 468 § 6.]

Severability – 1997 c 106: See note following RCW 19.146.100. Adoption of rules – Severability – 1993 c 468: See notes following RCW 19.146.020. Effective dates – 1993 c 468: See note following RCW 19.146.200.

RCW 19.146.215 Continuing education – Rules. The designated broker of every licensee shall complete an annual continuing education requirement, which the director shall define by rule. [1997 c 106 § 11; 1994 c 33 § 11.]

Severability – 1997 c 106: See note following RCW 19.146.010.

RCW 19.146.220 Director -- Powers and duties -- Violations as separate violations -- Rules.

(1) The director shall enforce all laws and rules relating to the licensing of mortgage brokers, grant or deny licenses to mortgage brokers, and hold hearings.

(2) The director may impose the following sanctions:

(a) Deny applications for licenses for: (i) Violations of orders, including cease and desist orders issued under this chapter; or (ii) any violation of RCW [19.146.050](#) or [19.146.0201](#) (1) through (9);

(b) Suspend or revoke licenses for:

(i) False statements or omission of material information on the application that, if known, would have allowed the director to deny the application for the original license;

(ii) Failure to pay a fee required by the director or maintain the required bond;

(iii) Failure to comply with any directive or order of the director; or

(iv) Any violation of RCW [19.146.050](#), [19.146.060](#)(3), [19.146.0201](#) (1) through (9) or (12), [19.146.205](#)(4), or [19.146.265](#);

(c) Impose fines on the licensee, employee or loan originator of the licensee, or other person subject to this chapter for:

(i) Any violations of RCW [19.146.0201](#) (1) through (9) or (12), [19.146.030](#) through [19.146.080](#), [19.146.200](#), [19.146.205](#)(4), or [19.146.265](#); or

(ii) Failure to comply with any directive or order of the director;

(d) Issue orders directing a licensee, its employee or loan originator, or other person subject to this chapter to:

(i) Cease and desist from conducting business in a manner that is injurious to the public or violates any provision of this chapter; or

(ii) Pay restitution to an injured borrower; or

(e) Issue orders removing from office or prohibiting from participation in the conduct of the affairs of a licensed mortgage broker, or both, any officer, principal, employee, or loan originator of any licensed mortgage broker or any person subject to licensing under this chapter for:

(i) Any violation of [19.146.0201](#) (1) through (9) or (12), [19.146.030](#) through [19.146.080](#), [19.146.200](#), [19.146.205](#)(4), or [19.146.265](#); or

(ii) False statements or omission of material information on the application that, if known, would have allowed the director to deny the application for the original license;

(iii) Conviction of a gross misdemeanor involving dishonesty or financial misconduct or a felony after obtaining a license; or

(iv) Failure to comply with any directive or order of the director.

(3) Each day's continuance of a violation or failure to comply with any directive or order of the director is a separate and distinct violation or failure.

(4) The director shall establish by rule standards for licensure of applicants licensed in other jurisdictions.

(5) The director shall immediately suspend the license or certificate of a person who has been certified pursuant to RCW 74.20A.320 by the department of social and health services as a person who is not in compliance with a support order or a *residential or visitation order. If the person has continued to meet all other requirements for reinstatement during the suspension, reissuance of the license or certificate shall be automatic upon the director's receipt of a release issued by the department of social and health services stating that the licensee is in compliance with the order.

[1997 c 106 § 12; 1997 c 58 § 879; 1996 c 103 § 1; 1994 c 33 § 12; 1993 c 468 § 8.]

RCW 19.146.221 Action by director – Hearing – Sanction. The director may, at his or her discretion and as provided for in *RCW 19.146.220(2), take any action specified in RCW 19.146.220(1). If the person subject to such action does not appear in person or by counsel at the time and place designated for any administrative hearing that may be held on the action then the person shall be deemed to consent to the action. If the person subject to the action consents, or if after hearing the director finds by a preponderance of the evidence that any grounds for sanctions under this chapter exist, then the director may impose any sanction authorized by this chapter. [1994 c 33 § 13.]

RCW 19.146.223 Director – Administration and interpretation. The director shall have the power and broad administrative discretion to administer and interpret the provisions of this chapter to fulfill the intent of the legislature as expressed in RCW 19.146.005. [1994 c 33 § 2.]

RCW 19.146.228 Fees – Rules – Exception. The director shall establish fees by rule in accordance with RCW 43.24.086 sufficient to cover, but not exceed, the costs of administering this chapter. These fees may include:

- (1) An annual assessment paid by each licensee on or before a date specified by rule
- (2) An investigation fee to cover the costs of any investigation of the books and records of a licensee or other person subject to this chapter; [1997 c 106 § 13; 1994 c 33 § 9.]

RCW 19.146.230 Administrative procedure act application. The proceedings for denying license applications, issuing cease and desist orders, suspending or revoking licenses, and imposing civil penalties or other remedies issued pursuant

1 to this chapter and any appeal therefrom or review thereof shall be governed by the provisions of the administrative
2 procedure act, chapter 34.05 RCW. [1994 c 33 § 16; 1993 c 468 § 10.]
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WAC 208-660-042 Continuing education requirement. (1) The principal or designated broker of a licensee must satisfactorily complete an approved continuing education course annually. Each licensee must file annually a certificate of satisfactory completion of an approved continuing education course by the licensee's principal or designated broker no later than the last business day of the month in which the anniversary date of the issuance of the licensee's license occurs.

(2) This section applies to each licensee beginning on the first anniversary date of the issuance of the licensee's license which occurs after December 31, 1995. (For example, if a licensee's license was issued on January 10, 1994, then the licensee must submit its first certificate of satisfactory completion of an approved continuing education course no later than the last business day of January 1996.)

[Statutory Authority: [RCW 43.320.010](#), [19.146.223](#). 01-01-044, § 208-660-042, filed 12/8/00, effective 1/8/01; 96-04-028, recodified as § 208-660-042, filed 2/1/96, effective 4/1/96. Statutory Authority: [RCW 19.146.225](#). 95-13-091, § 50-60-042, filed 6/21/95, effective 7/22/95.]

WAC 208-660-060 Department's fees and assessments.

(2) Upon completion of any examination of the books and records of a licensee, the department will furnish to the licensee a billing to cover the cost of the examination. The examination charge will be calculated at the rate of \$46.26 per hour that each staff person devoted to the examination. The examination billing will be paid by the licensee promptly upon receipt. Licensees that were issued licenses prior to March 21, 1994, have prepaid in their initial license fee the cost of the first compliance examination of the licensee conducted by the department during the first two years after the date of issuance of the license.

(3) Each licensee shall pay to the director an annual assessment of \$513.95 for each license, and \$513.95 for each branch office certificate. The annual assessment(s) will be due no later than the last business day of the month in which the anniversary date of the issuance of the broker's license occurs.

WAC 208-660-061 Fee increase.

The division intends to increase its fee and assessment rates each year for several bienniums. The division intends to initiate a rule making for this purpose each biennium. This rule provides for an automatic annual increase in the rate of fees and assessments each fiscal year during the 2001-03 biennium.

(1) On July 1, 2002, the fee and assessment rates under WAC 208-660-060, as increased in the prior fiscal year, will increase by a percentage rate equal to the fiscal growth factor for the then current fiscal year. As used in this section, "fiscal growth factor" has the same meaning as the term is defined in RCW 43.135.025.

(2) The director may round off a rate increase under subsection (1) of this section. However, no rate increase may exceed the applicable fiscal growth factor.

(3) By June 1 of each year, the director will make available a chart of the new rates that will take effect on the immediately following July 1.

[Statutory Authority: RCW 18.44.410, 19.146.223, 19.146.225, 19.146.265, 31.04.165, 31.45.200. 01-12-029, § 208-660-061, filed 5/29/01, effective 7/1/01.]

WAC 208-660-080 Surety bond and approved alternatives -- General requirements.

(1) Each applicant for a license and licensee must file and maintain on file with the director:

(a) A surety bond in the required amount and related power of attorney issued by a bonding company or insurance company authorized to do business in this state; or

(b) An approved alternative to a surety bond in the required amount in accordance with WAC 208-660-08010.

The required amount of the surety bond or approved alternative ranges from twenty thousand dollars to sixty thousand dollars and is based on the applicant's or licensee's monthly average number of loan originators calculated in accordance with subsection (2) of this section. The surety bond or approved alternative is subject to claims in accordance with RCW 19.146.205 and 19.146.240. Borrowers shall be given priority over the state and other persons who file claims against the bond or approved alternative. The state and other persons shall not receive distributions from the remainder of the bond or approved alternative pursuant to valid claims prior to one hundred eighty days following the date a claim is made against the bond.

(2) The monthly average number of loan originators is calculated as follows:

(a) If the applicant or licensee has not been in the mortgage broker business at any time during the preceding twelve months, the monthly average number of loan originators is determined by adding up the projected number of loan originators to be employed or engaged each month for the first twelve months during which the applicant or licensee will do business, and dividing this total by twelve. The projected number of loan originators must reflect at least the actual number of originators at the inception of business.

(b) If the applicant or licensee has not been in the mortgage broker business at least some portion of each of the preceding twelve months, the monthly average number of loan originators is calculated by adding up the number of loan originators employed or engaged each month (or part thereof) for the number of months the applicant or licensee has been in business during the twelve-month period, and the projected number of loan originators to be employed or engaged each month for any additional months necessary to comprise a total of twelve months (or part thereof), and dividing this total by twelve.

(c) Otherwise, the monthly average number of loan originators as calculated by adding up the number of loan originators employed or engaged each month (or part thereof) for the previous twelve months, and dividing this total by twelve.

(3) Based upon the monthly average number of loan originators, the required surety bond amount is indicated by the following table:

Monthly Average Number of Loan Originators	Minimum Required Bond Amount
up to 3.0	\$20,000
more than 3.0, up to 6.0	\$30,000
more than 6.0, up to 9.0	\$40,000
more than 9.0, up to 15.0	\$50,000
more than 15.0	\$60,000

When calculating the required bond amount, an applicant or licensee shall use the worksheet form approved by the director.

(4) At least forty-five days prior to each anniversary of the issuance of the surety bond or approved alternative, each licensee shall calculate its required bond amount in accordance with subsections (2) and (3) of this section. If the required surety bond amount has changed, then the licensee shall within thirty days of the date of the calculation, file a new surety bond or approved alternative in the required amount or file documentation showing a change in the amount of the existing bond or alternative to the required amount.

(5) Each licensee shall use the bond form, assignment of certificate of deposit form, or irrevocable letter of credit form approved by the director.

[Statutory Authority: RCW 43.320.010, 19.146.223. 01-01-044, § 208-660-080, filed 12/8/00, effective 1/8/01; 96-04-028, recodified as § 208-660-080, filed 2/1/96, effective 4/1/96. Statutory Authority: RCW 19.146.225. 95-13-091, § 50-60-080, filed 6/21/95, effective 7/22/95; 94-23-033, § 50-60-080, filed 11/8/94, effective 12/9/94. Statutory Authority: 1993 c 468 § 9. 94-03-009, § 50-60-080, filed 1/7/94, effective 2/7/94.]

WAC 208-660-150 Disclosure of significant developments. (1) A licensee must notify the director in writing within thirty days after the occurrence of any of the following developments:

(a) Licensee's filing for bankruptcy or reorganization.

(b) Receipt of notification of license revocation procedures in any state against the licensee.

(c) The filing of a felony indictment or information related to mortgage brokering activities of the licensee, or any officer, director, principal, or designated broker of the licensee.

(d) The licensee, or any officer, director, principal, or designated broker of the licensee being convicted of a felony.

- (e) Receipt of notification of cancellation of the licensee's surety bond or approved alternative, or any significant decline in value of an approved alternative held by the director.
- (f) The filing of any material litigation against the licensee.
- (2) A licensee must notify the director in writing ten days prior to a change of the location of the licensee's principal place of business or any of its branch offices.
- (3) A licensee must notify the director in writing within five days after a change in the licensee's:
- (a) Name or legal status (e.g., from sole proprietor to corporation, etc.);
 - (b) Mailing address or telephone number;
 - (c) President, partner, designated broker, or branch office manager;
 - (d) Trust account (e.g., change in the status, location, or account number);
 - (e) State master business license; or
 - (f) Standing with the state of Washington secretary of state.

[96-04-028, recodified as § 208-660-150, filed 2/1/96, effective 4/1/96. Statutory Authority: [RCW 19.146.225](#). 95-13-091, § 50-60-150, filed 6/21/95, effective 7/22/95. Statutory Authority: 1993 c 468 § 9. 94-03-009, § 50-60-150, filed 1/7/94, effective 2/7/94.]

WAC 208-660-160 License application denial or condition; license suspension or revocation.

The director may deny or condition approval of a license application, or suspend or revoke a license if the applicant or licensee, or any principal or designated broker of the applicant or licensee:

- (1) Has failed to pay a fee due to the state in accordance with the Mortgage Broker Practices Act;
- (2) Has not filed the required surety bond or approved alternative or otherwise complied with RCW 19.146.205;
- (3) Has had any license, or any authorization to do business under any similar statute of this or any other state, suspended, revoked, or restricted within the prior five years;
- (4) Has within the prior seven years been convicted of a felony, or a gross misdemeanor involving dishonesty or financial misconduct;
- (5) Has failed to demonstrate financial responsibility, character, and general fitness such as to command the confidence of the community and to warrant a belief that the business will be operated honestly, fairly, and efficiently within the purposes of the Mortgage Broker Practices Act. The director may find that the person has failed to make the demonstration if, among other things:
 - (a) The person is or has been subject to an injunction issued pursuant to the Mortgage Broker Practices Act or the Consumer Protection Act; or
 - (b) An independent credit report issued by a recognized credit reporting agency indicates that the person has a substantial history of unpaid debts;
- (6) Has omitted, misrepresented, or concealed material facts in obtaining a license or in obtaining reinstatement thereof;
- (7) Has violated the provisions of the Mortgage Broker Practices Act, or the Consumer Protection Act;
- (8) Has had its surety bond, approved alternative, or equivalent form of business insurance, canceled or revoked for cause;
- (9) Has allowed the licensed mortgage broker business to deteriorate into a condition which would result in denial of a new application for a license;
- (10) Has aided or abetted an unlicensed person to practice in violation of the Mortgage Broker Practices Act;
- (11) Has demonstrated incompetence or negligence that results in injury to a person or that creates an unreasonable risk that a person may be harmed;
- (12) Is insolvent in the sense that the value of the applicant's or licensee's liabilities exceed its assets or in the sense that the applicant or licensee cannot meet its obligations as they mature;
- (13) Has failed to comply with an order, directive, or requirement of the director, or his or her designee, or with an assurance of discontinuance entered into with the director, or his or her designee;
- (14) Has performed an act of misrepresentation or fraud in any aspect of the conduct of the mortgage broker business or profession;
- (15) Has failed to cooperate with the director, or his or her designee, including without limitation by:
 - (a) Not furnishing any necessary papers or documents requested by the director for purposes of conducting an investigation for disciplinary actions or denial, suspension, or revocation of a license; or

1 (b) Not furnishing any necessary papers or documents requested by the director for purposes of conducting an
2 investigation into a complaint against the licensee filed with the department, or providing a full and complete written
3 explanation of the circumstances of the complaint upon request by the director;

4 (16) Has interfered with an investigation or disciplinary proceeding by willful misrepresentation of facts before the
5 director or the director's designee, or by the use of threats or harassment against a client, witness, employee of the
6 licensee, or representative of the director for the purpose of preventing them from discovering evidence for, or providing
7 evidence in, any disciplinary proceeding or other legal action;

8 (17) Has failed to provide a required certificate of passing an approved examination;

9 (18) Has failed to provide a required certificate of satisfactory completion of an approved licensing course or, in the
10 alternative, satisfactory proof of two years' experience in accordance with WAC 208-660-040; or

11 (19) Has failed to provide a required certificate of satisfactory completion of an approved continuing education course.

12 [Statutory Authority: RCW 43.320.010, 19.146.223. 01-01-044, § 208-660-160, filed 12/8/00, effective 1/8/01; 96-04-
13 028, recodified as § 208-660-160, filed 2/1/96, effective 4/1/96. Statutory Authority: RCW 19.146.225. 95-13-091, § 50-
14 60-160, filed 6/21/95, effective 7/22/95. Statutory Authority: 1993 c 468 § 9. 94-03-009, § 50-60-160, filed 1/7/94,
15 effective 2/7/94.]
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